

OUTGOING MESSAGE

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SOURCE REF:

ROUTING	1	4	7	10
	2	5	8	11
	3	6	9	12

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ITEM NO: 2

DATE: 30 JAN 74

SUBJECT: INDIA: GOVERNMENT ACQUIRES EXXON

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AFTER MONTHS OF NEGOTIATIONS, NEW DELHI ANNOUNCED ITS DECISION TODAY TO ACQUIRE 74% OF EXXON'S EQUITY AND ASSETS IN INDIA. UNDER THE NEW AGREEMENT, WHICH IS EXPECTED TO BE SIGNED IN A FEW WEEKS, EXXON WILL CONTINUE TO SUPPLY CRUDE OIL--ABOUT 15% OF INDIA'S CURRENT OIL IMPORTS--FOR SEVEN YEARS, AFTER WHICH NEW DELHI IS TO ACQUIRE THE REMAINING 26% OF THE COMPANY.

EXXON HAS REPEATEDLY OFFERED TO SELL ALL OR PART OF ITS OPERATIONS IN INDIA BECAUSE OF WHAT IT CONSIDERED UNFAVORABLE INDIAN REGULATIONS. THE OTHER TWO FOREIGN OIL FIRMS IN INDIA, CALTEX AND BURNAH SHELLE, WERE NOT AFFECTED.

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